

STATE OF INDIANA)
) SS:
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
M Plan, Inc.)
8802 North Meridian Street, Suite 100)
Indianapolis, Indiana 46260)

Examination of M Plan, Inc.

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Doug Webber, Acting Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of M Plan, Inc., any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 7, 2010, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of M Plan, Inc. shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

Date June 10, 2010 Connie Ridinger
 Connie Ridinger, CPA, CFE
 Chief Examiner/Deputy Commissioner

CERTIFIED MAIL NUMBER: 7004 1160 0000 3839 2231

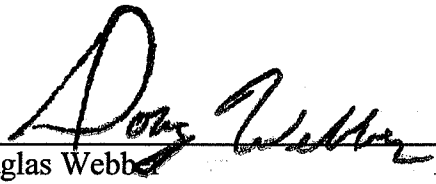
IN THE MATTER OF:

M Plan, Inc.
8802 North Meridian Street, Suite 100
Indianapolis, Indiana 46260

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed and Sealed this 10th day of June, 2010.



Douglas Webb
Acting Insurance Commissioner

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF
M PLAN, INC.
NAIC Co. CODE 95444
As of
December 31, 2008

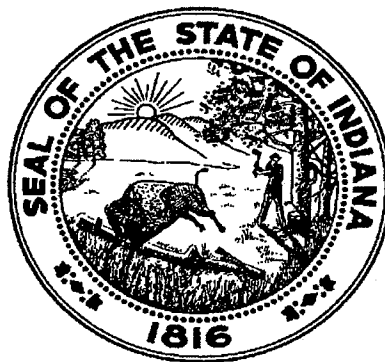


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STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

IDOI

INDIANA DEPARTMENT OF INSURANCE

311 W. WASHINGTON STREET, SUITE 300

INDIANAPOLIS, INDIANA 46204-2787

TELEPHONE: (317) 232-2385

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CAROL CUTTER, Commissioner

May 6, 2010

Honorable Douglas Webber
Acting Commissioner, Indiana Department of Insurance
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3641, an examination has been made of the affairs and financial condition of:

M Plan, Inc.
1776 North Meridian Street, Suite 300
Indianapolis, IN 46202

an Indiana limited service health maintenance organization hereinafter referred to as the "Company". The examination was conducted at the office of Noble Consulting Services, Inc. in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2008, is hereby respectfully submitted.

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
(317) 232-2413

COMPANY COMPLIANCE
(317) 233-0697

CONSUMER SERVICES
(317) 232-2395
In-State 1-800-622-4461

EXAMINATIONS / FINANCIAL SERVICES
(317) 232-2390

MEDICAL MALPRACTICE
(317) 232-2402

SECURITIES / COMPANY RECORDS
(317) 232-1991

SCOPE OF EXAMINATION

The Company was last examined by Noble Consulting Services, Inc. (Noble) as of the period ending December 31, 2005. The present examination was conducted by Noble and covered the period from January 1, 2006 through December 31, 2008 and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The Company is in the process of winding down and did not have any reserves as of December 31, 2008, therefore, there was no actuarial or information systems review performed.

We conducted our examination pursuant to and in accordance with the 2009 NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The working papers prepared by Ernst & Young, LLP, the Company's auditors, in their audit of the Company's accounts for the years ended December 31, 2008 were reviewed. A portion of the auditor's working papers have been incorporated into the working papers of the examiners and have been utilized for the purposes of this examination in accordance with the provisions contained in the Handbook.

HISTORY

The Company, a for-profit, provider-owned health maintenance organization (HMO) was incorporated on March 10, 1989 in the State of Indiana and received its license on May 31, 1989 to operate as a prepaid health care delivery plan. The Company was created out of a partnership between Methodist Hospital of Indiana, Inc. and Metropolitan Life Insurance Company. The Company currently is a wholly-owned subsidiary of The HealthCare Group, LLC (THCG). Clarian Health Partners, Inc. (Clarian) contributed 100% of the Company's stock to THCG and has approximately 88% ownership in THCG. The remaining 12% of THCG is owned by four (4) other managed care organizations as well as Deaconess Hospital, Inc. located in Evansville, Indiana. The Company owns 100% of Senate Insurance Company, a dormant life insurance company that was purchased on October 31, 2001 from Clarian.

CAPITAL AND SURPLUS

The Company is authorized to issue 1,000 shares of Class A common stock with a par value of \$1,000 per share. There were 168 shares issued and outstanding at year end 2008 which were held by the THCG. The Company paid a \$40 million liquidating dividend in 2008. No other dividends were paid during the examination period.

TERRITORY AND PLAN OF OPERATION

The Company is licensed only in the State of Indiana and is no longer writing any new business as it is in the process of winding down. The Company exited the Commercial HMO market as of September 6, 2007 under the terms of the Persistency Bonus Agreement that the Company entered into with Anthem Insurance Companies, Inc. Because of existing group contracts already in place with certain small groups, all commercial membership did not cease until September, 2008. The Company also discontinued its Medicaid ASO operations effective January 1, 2008. All operations are expected to cease during 2010.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company as reported during the examination period, and the data was taken from each year's annual statement:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital & Surplus</u>	<u>Net Premium Income</u>	<u>Net Income (Loss)</u>
2008 \$	16,839,454	\$ 5,551,272	\$ 11,288,182	\$ 25,786,970	\$ (17,173,951)
2007	86,425,620	23,276,151	63,149,469	603,672,685	20,139,868
2006	68,566,802	20,681,843	47,884,959	605,342,305	8,165,650

The Company's financial statements changed significantly in 2008 as the Company is winding down its operations and is in the process of discontinuing business altogether. As a part of that plan, the Company paid a \$40 million liquidating dividend in 2008. There were no members as of the year-end 2008, and as such, there were no claims, unearned premium, or amounts due to affiliates. During 2008, the Company transferred its Senior Smart Choice Medicare Cost to Clarian Health Plans, Inc., and the transfer included assets and liabilities of \$5.6 million.

MANAGEMENT AND CONTROL

Directors

The Company is managed and controlled by a Board of Directors. The Company's Bylaws state that the Board of Directors shall not be less than one (1) nor more than nine (9). The Board members are elected by the shareholders at the annual meetings. The following is a listing of persons serving as Directors as of December 31, 2008:

Name**Principal Occupation**

William Edward Corley
Indianapolis, IN

Chief Executive Officer
Community Health Network

Stephen Hobbs Pollom, MD
Indianapolis, IN

President and Chief Executive Officer
Methodist Medical Group

Daniel Fraley Evans, Jr.
Indianapolis, IN

President and Chief Executive Officer
Clarian Health Partners, Inc.

Marvin Gene Pember
Indianapolis, IN

Chief Financial Officer
Clarian Health Partners, Inc.

Alex Paul Slabosky
Indianapolis, IN

President and Chief Executive Officer
Clarian Health Plans, Inc. and M Plan, Inc.

Officers

The Company's Bylaws state that the officers are elected by the Board of Directors and shall consist of a Chairman of the Board, a President, a Treasurer, and a Secretary; there also may be one or more Vice Presidents and other officers or assistant officers. The officers do not need to be members of the Board, and the same individual may hold more than one office. The following is a list of officers and their respective titles as of December 31, 2008:

Name**Office**

Alex Paul Slabosky

Chairman and President

Susan Michele Mann

Secretary

Constance Delaney Brown

Treasurer

CONFLICT OF INTEREST

The Company has a Conflict of Interest policy in place that requires all officers and Directors to review and sign a Conflict of Interest Statement on an annual basis. Per review of the signed statements provided, it was noted all officers and Directors listed had reviewed and signed statements as of December 31, 2008.

CORPORATE RECORDS**Articles of Incorporation and Bylaws**

The Articles of Incorporation and the Bylaws were not amended during the examination period.

Minutes

The Board of Directors and Shareholder meeting minutes were reviewed for the period under examination through the fieldwork date and significant actions taken during each meeting were noted. The annual meetings and other regular Board meetings were held in accordance with the Company's Bylaws.

AFFILIATED COMPANIES

Organizational Structure

Please see the organizational chart below which shows only the Company and its parent. The other subsidiaries of the parent are not shown.

Clarian Health Partners, Inc. (approximately 88% ownership)	IN
The HealthCare Group, LLC	IN
M Plan, Inc.	IN
Senate Insurance Company	IN

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed and not disapproved by the IDOI as required, in accordance with IC 27-1-23-4.

Administrative Services Agreement – The HealthCare Group

The Administrative Services Agreement states that THCG will perform general sales and administrative services, premium, collection, administration of funds, underwriting, policy issue, supervision of claims, accounting, reporting, and other administrative services from time to time as mutually agreed upon by the parties. The Company also agrees to pay THCG the actual compensation and benefits or an agreed upon percentage thereof for leased employees. The fees paid to THCG are made on a bi-weekly basis. The Company paid \$1,350,000 to THCG for services received in 2008.

Administrative Services Agreement – Clarian Health Partners, Inc.

The Administrative Services Agreement states that Clarian will perform purchasing, accounts payable, and associated general ledger system administration and other services from time to time as mutually agreed upon by the parties. The other services include but are not limited to telephone equipment lease and service. The Company and Clarian are not partners or joint ventures with each other; Clarian shall perform its duties as an independent contractor. The Company will pay Clarian the actual compensation and benefits for the leased employees. Clarian will be reimbursed for actual expenses incurred for other services such as software maintenance, telephone equipment lease and service. Transaction fees are negotiable by both parties and may be adjusted from year-to-year. The administration fee will be paid on a quarterly basis to Clarian. The Company paid \$1,484,236 to Clarian for services received in 2008.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by employees through a fidelity bond issued by Federal Insurance Company. The bond provides coverage of \$25 million with a deductible of \$500,000. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

STATUTORY AND SPECIAL DEPOSITS

The Company's statutory deposit with the State of Indiana consisted of bonds with a par value of \$1,500,000 at December 31, 2008.

REINSURANCE

The Company did not have any reinsurance agreements during the examination period.

RESERVES

As of December 31, 2008 the Company did not have any reserves on its books as there are no members.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2008 and 2007 were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2006 through December 31, 2008 were agreed to each year's independent audit report without exception.

M PLAN, INC.
FINANCIAL STATEMENTS

Assets

	As of December 31, 2008			December 31, Prior Year*
	Per Annual Statement	Examination Adjustments	Per Examination	
Assets:				
Bonds	\$ 3,436,702	\$ -	\$ 3,436,702	\$ 5,847,570
Common Stocks	170,012	-	170,012	275,370
Cash, cash equivalents and short-term investments	5,638,397	-	5,638,397	53,818,542
Subtotals, cash and invested assets	\$ 9,245,111	\$ -	\$ 9,245,111	\$ 59,941,482
Investment income due and accrued	1,000	-	1,000	5,000
Uncollected premiums and agents' balances in the course of collection		-	-	5,727,576
Federal and foreign income tax recoverable	3,006,495	-	3,006,495	-
Net deferred tax asset	1,176,804	-	1,176,804	594,356
Electronic data processing equipment and software	-	-	-	100,000
Receivable from parent, subsidiaries and affiliates	3,073,546	-	3,073,546	2,501,447
Health care and other amounts receivable	336,498	-	336,498	17,555,759
Total assets	\$ 16,839,454	\$ -	\$ 16,839,454	\$ 86,425,620

* The prior year amounts are from the Company's filed 2007 Annual Statement. Reclassifications were made to the prior year amounts in the Company's amended 2008 Annual Statement, which was filed with the IDOI on 9/8/09. The reclassifications are not presented in the financial statements of this Report of Examination.

M PLAN, INC.

FINANCIAL STATEMENTS

Liabilities, Capital and Surplus

	As of December 31, 2008			December 31, Prior Year*
	Per Annual Statement	Examination Adjustments	Per Examination	
Liabilities:				
Claims unpaid	\$ -	\$ -	\$ -	\$ 6,933,823
Premium received in advance	-	-	-	444,623
General expenses due or accrued	3,572,256	-	3,572,256	2,654,878
Current federal and foreign income tax payable	-	-	-	2,541,276
Net deferred tax liability	-	-	-	3,501,467
Amounts due to parent, subsidiaries and affiliates	323,346	-	323,346	1,238,774
Aggregate write-ins for other liabilities	1,655,670	-	1,655,670	5,961,310
Total liabilities	\$ 5,551,272	\$ -	\$ 5,551,272	\$ 23,276,151
 Common capital stock	\$ 168,000	\$ -	\$ 168,000	\$ 168,000
Gross paid in and contributed surplus	-	-	-	9,645,139
Unassigned funds (surplus)	11,120,182	-	11,120,182	53,336,330
Total capital and surplus	\$ 11,288,182	\$ -	\$ 11,288,182	\$ 63,149,469
Total liabilities, capital and surplus	\$ 16,839,454	\$ -	\$ 16,839,454	\$ 86,425,620

* The prior year amounts are from the Company's filed 2007 Annual Statement. Reclassifications were made to the prior year amounts in the Company's amended 2008 Annual Statement, which was filed with the IDOI on 9/8/09. The reclassifications are not presented in the financial statements of this Report of Examination.

M PLAN, INC.

FINANCIAL STATEMENTS

Statement of Revenue and Expenses

	As of December 31, 2008			December 31, Prior Year*	
	Per Annual Statement	Examination Adjustments	Per Examination		
Member Months	71,309	-	71,309	1,616,002	
Net premium income	\$ 25,786,970	\$ -	\$ 25,786,970	\$ 603,672,685	
Aggregate write-ins for other health care revenue	1,034,745	-	1,034,745	21,071,677	
Total revenues	\$ 26,821,715	\$ -	\$ 26,821,715	\$ 624,744,362	
Hospitals and Medical:					
Hospital/medical benefits	\$ 26,347,903	\$ -	\$ 26,347,903	\$ 554,084,595	
Prescription drugs	636,818	-	636,818	851,706	
Total hospital and medical	\$ 26,984,721	\$ -	\$ 26,984,721	\$ 554,936,301	
Less:					
Net reinsurance recoveries	-	-	-	-	
Total underwriting deductions	\$ 26,984,721	\$ -	\$ 26,984,721	\$ 554,936,301	
General administrative expenses	21,494,484	-	21,494,484	46,801,302	
Total underwriting deductions	\$ 48,479,205	\$ -	\$ 48,479,205	\$ 601,737,603	
Net underwriting gain or (losses)	\$ (21,657,490)	\$ -	\$ (21,657,490)	\$ 23,006,759	
Net investment income earned	\$ 1,396,134	\$ -	\$ 1,396,134	\$ 2,536,712	
Net investment gains (losses)	\$ 1,396,134	\$ -	\$ 1,396,134	\$ 2,536,712	
Net income or after capital gains tax and before all other federal income taxes	\$ (20,261,356)	\$ -	\$ (20,261,356)	\$ 25,543,471	
Federal and foreign income taxes incurred	(3,087,405)	-	(3,087,405)	5,403,603	
Net income	\$ (17,173,951)	\$ -	\$ (17,173,951)	\$ 20,139,868	
Capital and Surplus Account:					
Capital and surplus prior-reporting year	\$ 62,845,928	\$ -	\$ 62,845,928	\$ 47,884,959	
Net income or (loss)	\$ (17,173,951)	\$ -	\$ (17,173,951)	\$ 20,139,868	
Change in net deferred income tax	4,062,700	-	4,062,700	(3,428,511)	
Change in nonadmitted assets	1,553,506	-	1,553,506	(1,446,847)	
Dividend to stockholders	(40,000,000)	-	(40,000,000)	-	
Net change in capital and surplus	\$ (51,557,745)	\$ -	\$ (51,557,745)	\$ 15,264,510	
Capital and surplus end of reporting year	\$ 11,288,183	\$ -	\$ 11,288,183	\$ 63,149,469	

* The prior year amounts are from the Company's filed 2007 Annual Statement. Reclassifications were made to the prior year amounts in the Company's amended 2008 Annual Statement, which was filed with the IDOI on 9/8/09. The reclassifications are not presented in the financial statements of this Report of Examination.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2008 based on the results of this examination.

The 2008 Annual Statement contains certain 2007 amounts in the Company's statutory-basis financial statements have been reclassified to conform to the 2008 financial statement presentation.

OTHER SIGNIFICANT ISSUES

There were no other significant issues.

SUBSEQUENT EVENTS

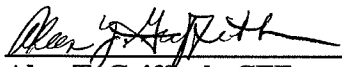
The Company's subsidiary, Senate Insurance Company was dissolved in 2009.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, the Examiners obtained a completed management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Company and provided to the IDOI.

CONCLUSION

The preceding report of examination of **M Plan, Inc.** as of December 31, 2008 reflects its financial condition in accordance with the National Association of Insurance Commissioners Accounting Practices and Procedures Manual and any and all prescribed and permitted accounting practices of the Indiana Department of Insurance. An Affidavit of the Examiner-in-Charge, Lisa Warrum, CFE, is on file with the Indiana Department of Insurance and attests that the examination was performed in a manner consistent with the standards and procedures required by the Indiana Department of Insurance and the National Association of Insurance Commissioners Financial Condition Examiners Handbook. Based on my review, to the best of my knowledge, the examination was performed in a manner consistent with those standards and procedures and properly reflects the financial condition of **M Plan, Inc.**



Alan T. Griffith, CFE
Examinations Manager
Department of Insurance
State of Indiana